



January 12, 2011

MT Legislature--House Human Services Subcommittee
RE: Opposition to HB139

Rep. David Howard, Chairman:

Mr. Chairman and members of the committee, my name is Lora Cowee and I am the Director of Operations at Intermountain, a provider of a variety of services to children and families in Montana for over one hundred years.

The Advisory Rates Commission purpose is to provide *transparent* rate setting that is based upon a *clear methodology* as is required by Federal Medicaid Law. This commission exists to set rates that support providers compliance with ARMs, licensing, contracts, labor markets, etc. This Commission also allows the government to ensure *accountability* of providers for outcomes and to be good *stewards* of the funds we receive.

Provider's current rates in Child Welfare and Mental Health were not set on any methodology as outlined in the Rate Commission Legislation. Provider Rates are a collection of rates that have been set across many years without a foundation of any kind. This makes it difficult to provide services to clients. It also makes it difficult for organizations to remain open and providing employment in areas they serve. Not having rates set on any clear methodology also makes it impossible to say government is being a good steward with taxpayer funds. The Advisory Rates Commission seeks to change that.

HB399 which was submitted last session sought to allow the Commission to move in the direction of setting this methodology and outcomes desired and was unfortunately defeated. Similar legislation will be submitted to strengthen the role of the Rates Commission to enable it to realize the intended purpose. Doing so will create a system by which rates can be set allowing for the understanding of what it costs to provide services and also to establish performance measures and desired outcomes.

The Advisory Rates Commission will create efficiencies and save money in the long run for taxpayers. It creates a system in which DPHHS and providers/contractors must be good stewards of taxpayer money. It also supports our most vulnerable population of citizens--children, families, mentally ill, and developmentally delayed through quality services provided to meet their needs.

This all being said, the state is in a budget crisis and funds do need to be found to cut back. I believe the Department can find other ways to cut funds. First, I question if the Department has considered cutting rate increases for all vendors that they conduct business with. Why is it only providers of services to Montana's most needy citizens that tend to be cut first? Will suppliers of products and services, accounting for millions of dollars in expenditures by the Department have their contracts renegotiated or is it just providers? As an example, will Magellan, the contracted Mental Health Medicaid utilization review provider, lose its contracted automatic COLA also? Why is it that Non-Profit providers of Human Services receive a cut and continue to have fund





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raise and have bake sales to stay in business. Why are Non-Profit providers of Human Services the first to get a rate cut and For-Profit Vendors are allowed to make a profit and not receive a reduction in their profit? Second, if the thought to abolish the Advisory Rates Commission is to save money in the budget and stop "big government"--are all commissions being considered being abolished? Why is it this commission being considered to be eliminated and not any of the approximately 10,000 others?

Through your support for the continuation of Advisory Rates Commission, providers/contractors of services of these services to Montana's most vulnerable and needy population can continue to move forward on strengthening the Advisory Rates Commission. This is a win/win for children, families, mentally ill, developmentally delayed, DPHHS, providers/contractors, and taxpayers. All we ask is for an opportunity to continue to work on creating efficiencies in the system of Human Services and to find ways to save money in the long run while maintaining quality services provided. I ask you Mr. Chairman and members to the committee to discuss these thoughts and questions I pose to you and urge you oppose HB139.

Thank you for hearing my testimony and for working hard on so many difficult decisions you face with creating a budget for Montana.

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